Committee: Legal Committee

Topic B: Transnational Corporations

Country: Hungary

School: American International School of Kingston

In a progressing world, where geographical distance and governmental boundaries are gradually losing their importance as barriers to financial activities, transnational corporations have become dominant to global business. A transnational corporation (TNC), alternatively referred to as a multinational corporation, is defined by the United Nations Conference on Trade and Development (UNCTAD) as “an enterprise comprising entities in more than one country which operate under a system of decision-making that permits intelligible policies and a common strategy.” From the late 1980s onwards, transnational corporations began relocating the majority of their production plants in developing nations to save labor costs and to circumvent legal restrictions on working conditions in developed nations. This movement led to the relation of operating plants known as “sweatshops” with poor working conditions capable of causing lasting physical and mental damage. Researchers at the University of Zurich found that approximately 1,318 transnational companies are at the core of the global economy, with just 147 companies controlling forty percent of wealth in the world. Other researchers found that as many as 175,000 people, most of them being immigrant women, work in sweatshops in the United States alone. In 2005 the UN Commission on Human Rights adopted resolution [E/CN.4/RES/2005/69](http://ap.ohchr.org/documents/E/CHR/resolutions/E-CN_4-RES-2005-69.doc) requesting “Secretary-General to appoint a special representative on the issue of human rights and transnational corporations and other business enterprises”. The resolution authorized the Special Representative to identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to human rights. Again On 18 June 2008 the Human Rights Council welcomed the “Protect, Respect and Remedy” Outline proposed by the Special Representative in his final report under the previously mentioned 2005 mandate. This policy background includes three core principles: the State duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication; the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others; and the need for greater access by victims to effective remedies, judicial and non-judicial. Adopted on 18 December 2002 at the fifty-seventh session of the General Assembly of the United Nations by resolution A/RES/57/199, the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment was signed by Hungary in 2006 before the enforcement on June 22. The Protocol has a purely defensive mandate focused on an innovative, sustained and proactive approach to the prevention of torture and ill treatment, highlighting the force of labor in sweatshops for transnational companies.

In Hungary Labor regulations mean that the interests and rights of the employee are well protected. Employment at multinational companies in Hungary will mean conditions similar to those in Western Europe and North America. However, smaller companies may offer various levels of conditions depending on their industry and financial capabilities. A normal working week consists of 40 hours. Not every company pays overtime and how this is treated will depend on the type of position, industry and prior agreement with the employer. The standard number of days of annual leave is 21. The amount of days of holiday will increase according to the employee’s age – i.e. the older they are the more days of holiday they will get. Salaries depend on the position and the language knowledge: In administrative positions the initial gross salary is 200,000 – 220,000 HUF per month, it is 230,000 in the financial section and it is 300,000 in the IT sector.

Hungary believes that a few possible solutions to the long-term ending of sweatshop labor are to influence countries to make reforms towards tougher restrictions and higher standards; also trade restrictions and embargoes could be applied to countries that practice sweatshop labor. Another solution is the boycotting of companies that use sweatshop labor factories as a supplier. These solutions will not abruptly end the labor because of the corruption in the countries that practice sweatshops, although they are factors that will lead to the development of an official conclusion.